

China-Pakistan Economic Corridor (CPEC): Regional Swords and Stability

Salman Ali

Ph D Candidate

School of International Relations and Public Affairs (SIRPA), Fudan University, Shanghai. sabettani@hotmail.com

Gulshan Bibi

Ph D Candidate

School of International Relations and Public Affairs (SIRPA), Fudan University, Shanghai. gul.arsal14@gmail.com

Received: 27th August 2021

Revised: 17th September 2021

Accepted: 27th September 2021

Abstract: Establishing a link between geopolitics and economic cooperation, this research paper focuses on strategic significance of China Pakistan Economic Corridor (CPEC). It explores the relevant literature and develops an empirical premise that South Asia - despite a relatively poor region - stands prominent in Chinese and US calculus because of strategic significance of two South Asian states, India and Pakistan. The present transforming geostrategic environment through Belt and Road Initiative (BRI) and CPEC - shaping up the new realignments and partnerships on one hand and the strategic competition on the other - accords China a prominent role in power struggle. Apropos of this, the question arises as how CPEC and growing US reliance on India in the wake of China-Pakistan economic cooperation would shape the regional structural dynamics? The paper briefly explores China's growing and diversified influence in South Asia, role of CPEC for crisis stability between two nuclear armed neighbours - India and Pakistan - and CPEC initiative emerging as the potential stabilizer making them to take war option off the table. To support this hypothesis, the paper benefits from International Regionalism by Joseph S. Nye, and also takes notes from the Crisis Stability approach.

Keywords: South Asia, CPEC, Regionalism, Geoeconomics, Crisis Stability

1. Introduction

South Asia, though a poor region, is prominent in international security architecture and shifting dynamics of major powers. The region has massive potential in various resources; "the geographical space contains 62

per cent of the world's proven oil reserves, 35 per cent of its gas, 40 per cent of its gold, 60 per cent of its uranium, and 80 per cent of its diamonds.”¹ Along with emerging potential of South Asia, the regional security environment has also emerged as the most complex milieu. India and Pakistan being regional nuclear giants “influence each other in both political and strategic realms while it catches the small power in the circle which it has to contend and anticipate.”² The region also stands at the historical, political and strategic crossroads of both Asia and the Middle East. Since decades, the old territorial disputes have been shaping the strategic calculus of the region. Robert David Kaplan, a US geo-strategist, in his work has observed that “the greater Indian Ocean, stretching eastward from the Horn of Africa past the Arabian Peninsula, the Iranian plateau and the South Asian region, all the way to the Indonesian archipelago and beyond, may comprise a map as iconic to the new century as Europe did.”³ The region is expected to become a true nexus of global powers' confrontation in the years ahead. Kaplan further observes that this region has “a recognizable geography which already forms center stage for the challenges of the twenty-first century world's ocean water politics.”⁴

Moreover, the strategic rivalry has developed into politico-economic friction among the regional players. The configurations of alliances further complicate the security environment. From Chinese String of Pearls⁵ to AUKUS⁶ (Australia, United Kingdom, United States) and from Cold Start⁷ to hot chase, the drivers of both stability and hegemony shape the geo-strategic landscape of the region. The current strife remains stowed in the disputed Himalayan territory after India's contentious decision on August 5, 2019 to abrogate the Jammu and Kashmir's (J&K) decades old semi-autonomous status and reconstituting Ladakh as a union territory, separating it from the rest of J&K. The valley of J&K is a flashpoint with the potential to escalate into a nuclear war between India and Pakistan while China and India amass soldiers and machinery often near the tense frontier in Ladakh and Doklam.

Aside multiple traditional security threats in South Asia, there are numerous non-traditional security threats (NTSTs) of more or less all kinds. Just to name a few, the noteworthy NTSTs include poor

¹ Andrew S. Erickson, Walter C. Ladwig, and Justin D. Mikolay, “Diego Garcia and the United States' Emerging Indian Ocean Strategy”, *Asian Survey*, Vol. 6, No. 3 (2010), p. 216.

² Dr. Zafar Nawaz Jaspal, “Ballistic Missile Defense: Implications for India-Pakistan Strategic Environment”, *ISSRA Journal* 2011, p. 3., http://ndu.edu.pk/issra/issra_pub/articles/ndu-journal/NDU-Journal-2011/01-Ballistic-Missile-Defence.pdf.

³ George Galdorogi, “The US Rebalance to the Asia-Pacific Region: A Metaphor”, *Defence Media Network*, March 19 2014, <https://www.defensemedianetwork.com/stories/the-u-s-rebalance-to-the-asia-pacific-region-a-metaphor-for-understanding-the-rebalance-pivot/>.

⁴ Robert Kaplan, *Monsoon: Indian Ocean and the Future of the American Power* (New York: Random House, 2010), Pp. 7-23; and see also Robert Kaplan, —Center Stage for the 21st Century: Power Plays in the Indian Ocean, *Foreign Affairs*, (March/April 2009), pp. 3-14.

⁵ Junaid Ashraf, “Strings of Pearls and China's Emerging Strategic Culture”, *Journal of Institute of Strategic Studies Islamabad (ISSI)*, Volume No. 4, 2017, <http://issi.org.pk/wp-content/uploads/2018/01/10-SS-Junaid-Ashraf-No-4-2017-1.pdf>.

⁶ “Aukus: UK, US and Australia launch pact to counter China”, *BBC News*, September 16, 2021, <https://www.bbc.com/news/world-58564837>

⁷ Sannia Abdullah, “Cold Start in Strategic Calculus”, *IPRI Journal* XII, No. 1, Winter 2012, <http://www.ipripak.org/wp-content/uploads/2014/01/art1asanw12.pdf>.

health facilities, environmental degradation, poverty, water and food security, illiteracy and lack of infrastructure by and large. It is also been impeded by a lack of economic integration in the region, as well as unresolved inter-state disputes between India and Pakistan. A number of challenges affect the governments of the countries engaged in the BRI and CPEC projects. Other obstacles include Asia's current climate and conflicting interests of neighbours, such as India, which is worried about China's growing power in the region and opposes its growth. Gilgit-Baltistan (GB) is claimed by India as part of the disputed state of J&K. As a consequence, they are at a much higher danger. Thus, the study tries to answer three major queries; (i) How Regionalism by building up separate elements generates connections across nation-states and between global regions? (ii) What are the future challenges and regional apprehensions which may hinder progress in the way of CPEC? (iii) Why India views some BRI initiatives as counter to its security interests and how will CPEC act as a bridge in connecting regions for stability and prosperity?

The scheme of the paper proceeds in the following manner. A theoretical framework is debated highlighting Regionalism, a theory in international relations which improves the prospects of integration in a multilateral system. To understand the current geo-economic trends and security structure of South Asia, an analysis of convergence of geopolitics and geoeconomics is discussed. The role of CPEC in South Asian strategic stability and regional apprehensions to it are discussed in the second section. A conclusion that summarizes the major findings follows.

2. Theoretical Perspective:

Globally, the security situation of South Asia makes it as one of the most fragile regions. A number of epoch-making incidents in past few years have increased the significance of the region many-fold. The change of leadership in China, Pakistan, India and Afghanistan brought significant re-ordering in the decision-making echelons. While on one hand, the constant expansion of China in economic, military and diplomatic fields with its ever-growing relations with Pakistan has been a cause of concern for India and the US⁸, the growing Indo-US strategic partnership during Narendra Modi's Premiership on the other, is bound to imbalance the existing balance of power in South Asia. It augments Pakistan's concerns over Indian modernization of its military and advancement of nuclear weapons programmes.⁹

While a military muscle is considered imperative in the region, the vision of China under BRI, coupled with its approach of "non-intervention policy,"¹⁰ is considered the foundation for regional integration and human development. China defines regionalism in functional rather than territorial terms and sees BRI as an inclusive project. Some people feel that regionalism will help to establish a more global system. It has become vital to think rationally about it since it is such an important component of world politics. When you think about it, the trend toward regionalism started after World War II, but it wasn't

⁸ C. Christine Fair, "Pakistan Can't Afford China's 'Friendship'", *Foreign Policy Magazine*, July 3, 2017, <http://foreignpolicy.com/2017/07/03/pakistan-cant-afford-chinas-friendship/>.

⁹ Munir Akram, "India's Great Power Game", *Daily Dawn*, September 28, 2014, <https://www.dawn.com/news/1134772>.

¹⁰ Amnejad, Maziar, Michael Wood. "The Principle of Non-Intervention." *Leiden Journal of International Law*, 2009, http://resolver.scholarsportal.info/resolve/09221565/v22i0002/345_tpon.

until the Cold War that it became one of the most important concerns in international politics. Regionalism is a reaction to the competition created by globalisation in terms of economic and security cooperation. Regional or sub-regional cooperation and integration programmes organised by governments have had a lot of success in slowing down international competition. As examples, consider the Association of Southeast Asian Nations (ASEAN), the European Union (EU), and the North American Free Trade Agreement (NAFTA). Economic integration takes place on a number of levels, according to the United Nations, ranging from preferential trade agreements to free-trade zones, custom unions (CU), shared markets, and even the economic union (EU).¹¹

A small collection of nations that are physically related and preserve some degree of mutual independence, as defined by the term "regionalism." In addition, the volume and breadth of commerce, formal organisations, and political interconnectedness may be used to describe it.¹² To summarise, these conversations often lead to the signing of a contract with "explicit and implicit principles," "nodes," "rules," and "decision-making procedures" that align with parties' expectations in a certain area of international relations.¹³ The process is then continued by foreign policy and political events in neighbouring countries, resulting in the establishment of new alliances in a range of domains, ranging from cultural to economic to political.

Many of the most common approaches for governments to collaborate are referred to as "Supranationalism" or "intergovernmentalism" by the rest of the world.¹⁴ Many of the most common approaches for governments to collaborate are referred to as "Supranationalism" or "intergovernmentalism" by the rest of the world. Functionalism has supported the European Union's growth by offering a framework that is not specific to one country (EU). Despite the fact that they started the discussion over the EU's establishment with "intergovernmentalism," federalists created a plan to establish the European Coal and Steel Community (ECSC). The success of the ECSC may be attributed to its separation of politics and economics. Neo-functionalists devised a prism through which they could see European integration in the same manner that supranational organisations were viewed in the 1960s. The following are the pillars that underpin this paradigm:

1. Interaction between two or more countries in one topic allows them to cooperate in other fields.
2. Regions are more likely to cooperate as their economic interdependence grows. Even better, regional political leaders are beginning to work with sub-state actors on issues of mutual importance.

¹¹Moazzen Hussain, Iyanlur Islam and Reza Kibra, *South Asian Economic Development: Transformation, Opportunities and Challenges* (London, New York: Routledge, 1999), p. 145.

¹²J. S. Nye, ed., *Inter Regionalism: Readings* (Boston: Little Brown, 1969), p. 8.

¹³Deutsch, Karl W., *The Analysis of International Relations*, (Englewood Cliffs, N. J: Prentice Hall, 1968), p.212.

¹⁴(Neo) functionalism is a theory of regional integration that places major emphasis on the role of non-state actors—especially, the 'secretariat' of the regional organization and interest associations in that specific functional area. For detail see at: <http://encyclopedia.laborlawtalk.com/Supranationalism> and <http://encyclopedia.laborlawtalk.com/Intergovernmentalism>.

3. Initiatives are being pursued by the supranational organisation to improve regional integration. Broadening the scope of collaboration and emphasising the benefits of enhanced integration are two of them.

A key concept in neofunctionalist theory, refers to the notion that integrating one sector raises the chances of integrating others. Coal and steel cooperation in Europe will not be fully realised until the country's transportation system is integrated.¹⁵ Integration-functionalism is an approach used by the European Union to help China, Pakistan, and other nations with similar economies interact more successfully, according to the European Commission. It also adds to the region's economic development by ensuring that trade standards are more consistent across the board. As a consequence, there is more economic interdependence throughout the region. It serves the local people in most cases by changing regional variance into uniformity. The CPEC, which connects China and Pakistan, was also crucial in developing South Asian regionalism or homogeneity.

3. Convergence of Geo-Politics with Geo-Economics:

In South Asia, two dynamics exist primarily; geopolitical and geoeconomic. The geopolitical dynamics are more complex and less stable.¹⁶ For one reason or the other Pakistan was being accused of facilitating and providing safe havens to Taliban. "The foreign neighbours have also been pointing fingers by alleging the presence of hostile elements within Pakistan."¹⁷ Pakistan, over the years, has been responding stringently by stating its efforts of fighting war against terrorism.¹⁸ The other dynamic is geoeconomic. Pakistan means a lot for economic growth of the region because of CPEC along with regional and global economic linkages which are led by China. Interestingly, geoeconomic and geostrategic trends are at odds with each other.

Logically, CPEC is of prime importance for regional prosperity, stability and growth but geopolitical dynamic considers it a threat. Historically, geopolitical and geoeconomic dynamics were managed in interesting ways wherein Europe decided that the economic imperatives were more important and it is important Europe has proceeded since 1945 after the Second World War.¹⁹ Furthermore, history shows that the creation of a corridor spurred growth in other parts of the world, notably Asia. In 1957, the European Economic Community (EEC) was legally created. This happened in the immediate aftermath of World War II.²⁰ In November 1993, when it fully became the European Community (EC), it changed its name to the

¹⁵ Ben Rosamond, *Theories of European Integration* (New York: Palgrave, 2000), p. 60.

¹⁶ Shivshankar Menon, "Brace Yourself, South Asia's Geopolitics Is Becoming More Complex, Less Stable", *The Wire*, June 7, 2017, <https://thewire.in/142457/india-south-asia-geopolitics-shivshankar-menon/>.

¹⁷ Omer Farooq Khan, "Pakistan must do more to finish terror bases: James Mattis", *The Times of India*, December 4, 2017, <https://timesofindia.indiatimes.com/world/pakistan/pak-must-do-more-to-finish-terror-bases-mattis/articleshow/61919255.cms>.

¹⁸ "US hindered Pakistan's fight against terror", (Foreign Minister of Pakistan Khawaja Asif at USIP), *The Nation*, October 6, 2017, <http://nation.com.pk/06-Oct-2017/us-hindered-pakistan-s-fight-against-terror-asif>.

¹⁹ "A peaceful Europe – the beginnings of cooperation," *European Union*, https://europa.eu/european-union/about-eu/history/1945-1959_en.

²⁰ Ibid.

EU. In 2009, the EU was created on four key principles: free movement of people, goods, services, and money. These principles have been in existence since then. “The idea of the establishment of the Exclusive Economic Zones (EEZs) encompassing Cambodia, Laos, Vietnam and Myanmar under the Greater Mekong Sub-Region (GMS) Economic Cooperation Programme is also parallel to the concept of establishment of economic corridor for promoting trade and people to people contact by interaction.”²¹ Another example is from China itself where it suspended its geopolitical competition with its neighbours in order to pursue its geo-economic pursuits.

The idea of carrying out large-scale projects as part of the CPEC is not new either. Economic corridors are required when people in the same area cooperate. This will become more important in the future. Following the GMS' success in regional economic integration through a network of cross-border business corridors, similar programmes have been established around Asia to boost economic growth. These initiatives are targeted towards increasing economic growth. Bridges are built to connect impoverished areas to more developed industrial districts. In the late 1990's, an American had proposed a project in which the oil and gas would have been transported by a pipeline from the oil-rich Central Asian Republics (CARs), through Afghanistan and Baluchistan. The idea was not materialized because of security apprehensions.

This plan emphasised Baluchistan's strengths, which have the potential to play a significant role in Pakistan's overall economy and in achieving Pakistan's national goals.²² The security situation in Baluchistan is improving as the geopolitical context changes. Russia has expressed interest in learning more about the economic corridor and the development of a gas pipeline between Karachi and Lahore.

China has grown to become a global power with historic dimensions. It has surpassed the military might of several other countries, changing the rules of international relations in the process. Having said that, “utilizing both geographic and demographic mass and translating it into mega economic success China has convinced the world over its Authoritarian one party rule.”²³ The expansion of its navy and its aim in the Indian Ocean are quite clear. Existing literature identifies “China's aggressive modernization plans—along with safeguarding energy security, protecting sea lanes.”²⁴ As a consequence, the Silk Road and BRI programmes seek to improve the economy's stability and long-term viability. China has looked for resources all over the world, from Australia to Russia's far-east, and from western Africa to South America's heartland,

²¹Fakhar Hussain, Dr. Mezhar Hussain, “China-Pak Economic Corridor (CPEC) and its Geopolitical Paradigms”, *International Journal of Social Sciences, Humanities and Education*, Volume 1, Number 2, 2017, <https://www.google.com.pk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=0ahUKEwjQuKvAy4HYAhWE6RQKHeoCBTAQFggqMAE&url=http%3A%2F%2Fwww.ijshe.com%2Findex.php%2Fijshe%2Farticle%2Fdownload%2F22%2F10%2F&usg=AOvVaw0xPWqP62de7UjOPkhew9ur>.

²² Ibid.

²³ Thomas P. Narins, “Evaluating Chinese Economic Engagement in Africa versus Latin America”, *Geography Compass*, July 10, 2016, University at Albany, Albany, New York, <https://pdfs.semanticscholar.org/e865/8cd415ca3fd20f0bdbd2da7ceb53c28155dc.pdf>.

²⁴ Jaimie Hatcher, “China's Growing Indian Ocean Maritime Interests: Sowing the Seed of Conflict?”, *Soundings*, October 2013, No. 2, Sea Power Centre, Australia, http://navyvic.net/news/documents/Soundings_2.pdf.

to name a few. This is why China is building a fleet of warships to protect its business interests throughout the world. A fleet of 60 to 70 submarines, as well as a variety of modern surface combatants, are expected to be built. "In the next several years, an aircraft carrier might materialise."²⁵For a long time, China has been branded the world's fastest-growing major economy, and many of those years have gone. ²⁶If the country continues to develop at a rate of around 7% per year for the next two decades or more, it should be able to do so forever. If real GDP growth in both the US and China continues at its current rate, both countries' populations will have more GDP than they have now by 2030. China's peaceful growth in what it considers to be a more orderly world is dependent on the political, geopolitical, and economic power it gains in the region. These economic corridors provide the foundation for China's future growth.

The Belt and Road Initiative, as far as we can tell, is based on the old Silk Road route, President Xi Jinping's vision of "China Dreams," and China's purposeful endeavour to restore its historic status, which dates back over two thousand years. ²⁷In light of the current global turmoil, China is obligated to alter the scope of its foreign and security architecture in order to protect its own national interests. The creation of both the Economic Silk Road and the 21st Century Maritime Silk Road demonstrates this. These efforts will help Central Asian, European, South and North Asian, and Southeast Asian nations develop their strategic and economic ties with each other and with the rest of the world.

Seemingly, the BRI aims to build relationships with more than 60 countries in Asia, the Middle East, Europe, and Africa. This is specifically stated in their mission statement. China's diplomatic and security policies have been more muscular since 2008. This is due to China's increased economic and geopolitical importance, as well as the development of a large export-oriented commercial network with a number of other countries. The necessity for a range of organisations, including the Shanghai Cooperation Organization (SCO), ASEAN Plus One China (10+1), and China's participation in an ASEAN Expo, has been reevaluated by Chinese officials. They also took into account regional economic groups like APEC, GMS, and the Asian Infrastructure Investment Bank (AIIB). Taylor Fravel, on the other hand, takes a reactive rather than proactive strategy.²⁸ Hong Yu says China's leadership has shown a determination to "reshape the international order" by maintaining friendly relations with neighbouring countries like India.

4. Is CPEC for regional prosperity?

Through the Belt and Road Initiative, China may extend its reach from Pakistan's port of Gwadar to Sri Lanka and Myanmar, as well as build the Bangladesh-China-India-Myanmar Economic Corridor. The BRI, which is expected to have an effect on China's future influence and growth, defines China's diplomatic, security, and commercial philosophy. As a consequence of its \$429.78 billion investment,

²⁵Arun Prakash, "The Rationale and Implications of India's Growing Maritime Power", *Woodrow Wilson Center*, 2011.

²⁶China Review, *World Bank*, <https://www.worldbank.org/en/country/china/overview#1>.

²⁷ "Full text of Xi Jinping's report at 19th CPC National Congress", *Xinhua*, November 4, 2017, http://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm.

²⁸ Taylor Fravel, 'Foreign Policy under Xi Jinping,' *The Diplomat*, 23 November 2012, <https://thediplomat.com/2012/11/foreign-policy-under-xi-jinping/>.

China now owns a 26 percent ownership in the AIIB and has voting rights. The board must approve any changes to this section before they may be implemented. On the other hand, the World Bank and the Asian Development Bank (ADB) do not have the same financial resources to meet the growing demand for investment. As a result, the AIIB's main goal would be to help Asian countries expand and invest in order to enhance their dependency on China, so extending China's influence over them.

By pursuing the objective of becoming the world's second largest economy, China's people have made "China Dreams" a reality. "Flagship" project: Pakistan will have access to the Indian Ocean, Persian Gulf, Red Sea, Straits of Malacca, Hormuz, and Bab-e-Mandeb via the CPEC corridor. The Middle East and Central Asia will be linked by Pakistan's connection to the CPEC route. The "Malacca Dilemma"²⁹ is how the Chinese government describes the problem. If oil imports are prohibited across the Straits of Malacca, the Chinese government may be able to fix the situation.

Pakistan and China have been strategic allies since the 1960s, when they collaborated to help each other. The CPEC serves as a showpiece at this early stage of bilateral collaboration. This is advantageous to Beijing's growing geopolitical and geoeconomic goals. Non-state actors (NSAs) headquartered in Afghanistan are more likely to infiltrate Pakistan. Pakistan must take advantage of this economic and geopolitical potential. The \$62 billion CPEC project aims to improve Pakistan's economy and status in the world.³⁰ China's BRI is the country's most ambitious and far-reaching project to date, and it is a massive effort.

The CPEC would build a number of energy and infrastructure projects in Pakistan, including roads and rail lines that would cut the distance between China and Pakistan's ports in half. In addition, it would provide a link between Gwadar and Kashghar, China. It is thought to be a substantial challenge, especially considering its proximity to the BRI. The United States and India, on the other hand, want to boost their trade. The US and India traded \$142.6 billion in goods and services in 2018. In 2018, the amount of money invested in India by the United States grew by 3.4 percent. As a consequence of the two countries' growing economic relations, an agreement between the two countries is likely to be struck. This, according to businessman Tarun Das, would allow the two countries to meet their goal of \$500 billion in bilateral trade. The CPEC is a platform for collaboration between the two countries, as opposed to China's BRI. The India-Pacific Economic Corridor (IPEC) is also a vehicle for collaboration between the two countries; it

²⁹B. A. Hamzah, "Alleviating China's Malacca Dilemma', *Institute for Security and Development Policy*, March 13, 2017, <http://isdpeu/alleviating-chinas-malacca-dilemma/>.

³⁰ Salman Siddiqui, "CPEC investment pushed from \$55b to \$62b", *Express Tribune*, April 12, 2017, https://tribune.com.pk/story/1381733/cpec-investment-pushed-55b-62b/?_cf_chl_jschl_tk_=1912c1177565a85576b55a6aa0254de36c20ef35-1576735252-0-AfMln3C_A1eLw4ajBHJmLF7kEgX4YhRDRjeAITCT6LdAz3e3wBHTtrhL9aP7tkZbTuJfnp1IJhWAzkeGKBIUd_qZ-8YFmSRpSpEAoQluSpcCsuNgcaFy4JGo3M4a4RE2nWeu_cPot_dnH_5bqF77gp_s4VavLvazAyQw43jS9AnC2vY7FSZaVu0HBrhP2YR0eZNd9s4y7WNcyORZJgKd9dRd7hhn-BlyrYtO_4K4X7YLmopUbKPdm6DZ993PLkjT9wXT6TZLjodfpkbDoHlsuaZMWxXEoNe74RlyG0rRlm8G74gz-ZeD8bMC_A45_8APig.

might help India keep the United States in the lead and China in check, as well as boost India via projects like BCIM, if the Indian government makes them a reality.

5. Great Powers' Engagement and Regional Swords:

A rift between the US and China over how they conduct business in the area defines South Asian politics. According to geopolitical experts, India and Pakistan, two South Asian countries that are fierce opponents of the United States, will continue to have a substantial impact on how the region is managed for a long time. It appears to be challenging and progressively decreasing US power in the area, particularly at a time when both countries are competing for dominance in their own domains of influence. China, "since opening up to foreign trade and investment and implementing free-market reforms in 1979, has been among the world's fastest-growing economies, with real annual gross domestic product (GDP) growth averaging 9.5% through 2018, a pace described by the World Bank as the fastest sustained expansion by a major economy in history."³¹ According to Stephen S. Roach, the famous writer of "The Next Asia: Opportunities and Challenges for a New Globalization" writes in another piece that "this has evolved a close dependence of the regional and extra-regional economies, including that of Australia, New Zealand, Canada, Russia, and Brazil, which in Stephen Roach's perspective, account for nearly 9 % of world GDP."³² He further states that "the developing Asian economies of Indonesia, the Philippines, and Thailand, including the more developed economies of Japan, Korea, and Taiwan as a whole make them 'China-dependent Asian economies' that amounts to 11% of world GDP." Furthermore, there are signs that China's economy, which is the US's third-largest export market, is strengthening. The China-Pakistan Free Commerce Agreement (CPFTA) has resulted in a rise in bilateral trade to \$15.6 billion in recent years, which is considerable.³³ "Within the first phase of CPFTA, Pakistan's exports to China have increased to US\$1.85 billion in Fiscal Year 2019 from US\$575 million in Fiscal Year 2007 and the bilateral trade volume has jumped from around US\$4 billion to US\$15.6 billion accordingly."³⁴ In addition, regional dependence on China are also playing key role in future outcomes.

To be candid, America wants to maintain its military superiority across the globe. India's expanding geopolitical and economic relations with the United States are viewed as a vital tool in the nation's desire to become a significant regional or potentially global power, according to country citizens. It makes no difference if Pakistan is now facing several internal and foreign challenges. It will continue to be a significant factor in the evolution of global geopolitical and economic change. As the US and China continue their quest for supremacy, Beijing's claim to be a genuine global great power is undercut. This battle is meant to retain US supremacy by restraining China's economic, industrial, and scientific significance, as well as its military relevance. According to some, "China's great economic development has

³¹ "The World Bank in China", World Bank, January 2020, <https://www.worldbank.org/en/country/china/overview>.

³² Stephen S. Roach, "The World Economy without China", *Project Syndicate*, October 24, 2016, <https://www.project-syndicate.org/commentary/world-economy-without-china-by-stephen-s-roach-2016-10?barrier=accesspaylog>.

³³ "2019 State Export Report", *The US China Business School*, 2019, <https://www.uschina.org/reports/2019-state-export-report>.

³⁴ "Pakistan, China trade volume jumps to \$15.6b under FTA", *The News*, December 19, 2019.

attempted to demonstrate its might via the use of its rising solid force capabilities, strategic coercion, and diplomacy."³⁵ However, India and Pakistan are crucial in redefining the world's geostrategic patterns, which are presently evolving.

According to Joseph Nye, Jr., the major participants in the growing multipolarity are China, Japan, and US. According to him, the emergence of China and India 'may cause instability.'³⁶ Mr. Biden's China policy is also confrontational while the "approach of China can also be seen from the perspective of offensive realism."³⁷

India is worried about China's expanding connections with Pakistan, which include the delivery of two military boats to Pakistan for maritime security and the docking of a Chinese nuclear submarine in Karachi. At a meeting with Chinese President Xi Jinping earlier this month in Beijing, he also addressed the CPEC and regional terrorism. It's not out of the realm of possibility that a regional strategy game exists. In order for China's military cooperation with the US and India to thrive, Pakistan's security must improve. China is now building a naval base in Myanmar and making investments in East Africa. In the Indian Ocean, China is building a vast number of ports.³⁸ According to Indian analysts, China is spending a large amount of money on its Indian Ocean operation. The Chinese, on the other hand, have taken a more nuanced and cautious approach to South Asia's problems.

The G7 countries presented Build Back a Better World (B3W) on June 13, 2021, as a counter-proposal to China's BRI. This is a better plan than China's Belt and Road Initiative (BRI). Shinzo Abe started the Quadrilateral Security Dialogue in 2007. The United States of America, Japan, Australia, and India were all represented. As a counter-proposal to China's global development plan in 2005, the US and India started a "Trilateral Security Dialogue," which culminated in a nuclear and strategic cooperation pact between the two countries. In 2009, the "India-US Strategic Dialogue" was formed. It has become a big concern as a result of the United States' "pivot" policy. As a consequence, a network of alliances spanning Japan, South Korea, Vietnam, and India was formed. Across the area, naval drills and strategic consultations took place.

CPEC will have a big impact on the structure of the area, but how significant? In a word, Pakistan's geographic position makes it a prominent player in regional geopolitics. The changing geopolitical landscape in South Asia, as well as Pakistan's crucial role in rerouting geostrategic paths, seems to be having a substantial impact on the region's future geopolitical structure. According to reports, Russia and China are in a strategic partnership, although Pakistan is not. Despite Russia's reservations, the Biden administration's harsh approach on Tehran may lead to Russia and Iran joining the CPEC.

³⁵ Muhammad Asif, Dr. Mubeen Adnan, InamUllah, "USA's Pivot to Asia and China's Global Rebalancing through BRI", *Pakistan Social Sciences Review*, December 2019, Vol. 3. No. 2, p. 248.

³⁶ Joseph S. Nye, Jr., *The Future of Power* (New York: BBS Public Affairs, 2011), p. 15.

³⁷ Muhammad Asif, Dr. Mubeen Adnan, InamUllah, "USA's Pivot to Asia and China's Global Rebalancing through BRI." P. 250.

³⁸ Michael Kugelman, "Looking In, Looking Out: Surveying India's Internal and External Security Challenges", *Woodrow Wilson Center*, 2011, p. 15.

Furthermore, the US confrontation policy towards China also includes a propaganda war by its press and digital media. To analyze this aspect, a total number of 3285 articles from 2010-2021 of New York Times were analyzed through Python software which induced following results:



The above data cloud shows how China Shock was used in western media and how China’s rise has been projected negatively.

6. CPEC and Regional Stability:

A crisis is an intermediate point between peace and war. During the Cold War, crisis stability was generally understood by US and Soviet experts as first strike stability in the strategic nuclear context. However, neofunctionalist theory and the various spillover mechanisms for explaining the management of the crisis provided important insights for understanding the integrative steps taken during the crisis. Neofunctionalists believed that integration through financial stability is a process and the agents of the process get benefit from the progression of this process.

China-Pakistan Economic Corridor (CPEC): Regional Swords and Stability

In South Asian environment of political mistrust, one of the numerous positive trajectories of CPEC is economic integration. With the improved relations with neighbouring countries, more and more countries interest, such as Iran, India, Russia, Saudi Arabia, in joining the CPEC and CPEC being the core corridor owing to Gwadar port augments importance of the strategic location of Pakistan.

The alliance of china with Pakistan has been on upward trajectory since its inception and have been viewed with the lens of skepticism and cynicism by major actor in South Asia. The region which is host to a peculiar and extraordinary 3C's paradox (cooperation, conflict, crisis). Which is important, has enormous potential and yet volatile. The burden of history in complicated geopolitics has overshadowed the potential of geo economics. Waltzian theoretical discourse from a perspective of system at regional level of analysis help understanding the complex geopolitical and geoeconomic realities, their convergence, divergence and impact on state behaviour.

Revival of silk route and ambitious BRI plan of global outreach and economic connectivity is the manifestation of China acting as a great power just in the right time when system is kinetic and regions are in crisis. South Asia due to its geopolitics has become the arena for the anticipated change in the system. Due of its commitments and inevitability, as well as its influence over Pakistan and India, China is the best country in the region to help in a crisis. As a consequence of its regional economic interests, China, on the other hand, has taken a more nuanced and long-term approach to its strategy. This is why China has chosen this strategy.

The region has witnessed four limited wars and countless crisis under the nuclear umbrella where China has been playing significant role in crisis stability at the same time adhering to its principles of non-interference. BRI while attributed as game changer in Pakistan is seen as threat to strategic space and leverage of India in South Asia to the advantage of Pakistan. Nevertheless, Pakistan has been welcoming regional and extra regional actors in the project India's strategic calculus translates it differently.

The BRI project of China, "the mammoth sea and road infrastructure linking Asia, Europe and Africa is being rapidly pursued as an inclusive International Capacity Cooperation initiative."³⁹This economic plan will not only shift some of the manufacturing capacity of China to its partner states but would also result in a 'win-win' situation for all. In South Asia, CPEC is the instant manifestation of it which could trigger South Asia's rapid modernization as China claims.

The Pakistani corridor would not only provide China with access to the Arabian Sea and beyond, but it would also put China closer to India strategically. It will also assist China in its search for offshore energy resources. Given the significance of the Indian Navy, no one should be surprised.⁴⁰ The CPEC is moving forward, but China's South Asian diplomacy has been cautious and mindful of Indian concerns. They've said that CPEC isn't meant to be a point of controversy, and that they haven't taken an official position on the Kashmir conflict. China's principal goal in South Asia is to prevent bloodshed and protect Pakistan's interests, which is why de-escalating crises is so important to them. Chinese diplomats encouraged Pakistan and India to

³⁹Chuan Lin, Jingjing Lu, "International Capacity Cooperation and Financial Support of Countries along the "Chongqing-Xinjiang-Europe" under the background of the Belt and Road", *Archives of Business Research*, April 25, 2018, <https://pdfs.semanticscholar.org/51fd/199a4612b2d0b6c060cb0cb4f5d0c20c5158.pdf>.

⁴⁰ Ibid.

work together in 1999 "In line with the spirit of the Lahore declaration, stick to the Line of Control (LOC) and start talking about the matter right away. The LoC between the two sides of Kashmir would stay unaltered, according to a mutual statement.⁴¹ After the terrorist attacks in Mumbai in 2008, India and Pakistan were on the precipice of war once again. It marked a new level of shuttle diplomacy at the time. At the time, both China and the United States were involved in substantial quantities of it. China's Vice Foreign Minister, He Yafei, was a special envoy between India and Pakistan at the time. He urged both countries to keep the lines of communication open and to begin negotiations to address their concerns.

In September 2016, tensions in the Indian state of Jammu and Kashmir were heightened as a result of this. Terrorists attacked the town of Uri, according to reports. In July 2016, Indian forces murdered Burhan Wani, a Hizbulmujahideen commander, sparking a surge of protests and violence. Officials from China's Foreign Ministry were taken aback by the number of people hurt in the confrontation. They are optimistic that the issue will be handled effectively in the future. During times of crisis, Beijing and Washington worked together to reduce regional tensions, especially those with India. China was apprehensive about the possibility of an Indian-Pakistani clash.

In South Asia, the Pulwama, Pathankot, and Uri attacks, as well as the Indus Water Treaty (IWT), have heightened tensions. China attempted to establish a balanced narrative in the area from 2016 to 2020. In view of geoeconomic trends and China's BRI, China's leadership wishes a decrease in tensions between India and Pakistan. This is because China wants to build bridges all around the world. Without a doubt, CPEC's market valuation of \$62 billion or more proves that it knows how to run a business. In the case of a regional disaster, the project's political economics and the stability essential for it to flourish would be jeopardised. The economic benefits of the corridor outweigh the possibility of war in the area. China must play a key role in pushing both India and Pakistan to take more responsibility and resolve problems that are important to both nations. Pakistan is now keeping a close eye on the BRI, the flagship project of the BRI. China's involvement with India, especially in the last decade, has endowed it with tremendous power, necessitating the need for effective stability in both calm and crisis situations." As a result of China's economic demands, India and Pakistan should end their conflicts. This is the best course of action for China. People in South Asia are at odds, making the CPEC difficult to keep stable and profitable in the long run. The prospect of violence between India and Pakistan, on the other hand, makes the corridor less attractive for businesses. As a result, China wants to guarantee that India and Pakistan act responsibly and handle issues of mutual concern.

India has been the country's main trading partner since 2014. Both countries are optimistic about future economic development. In recent years, trade between India and China has surged. From trade to world peace, there are various good economic reasons for events to occur. Is it possible for China, India, and Pakistan to live in peace just because they have a lot of money in common? Despite geopolitical differences, China is becoming more powerful in the region as a consequence of this economic integration. As a result, China's influence in the region has been largely defined by its business partnerships with Pakistan and India.

⁴¹I-wei Jennifer Chang, "China's Kashmir Policies and Crisis Management in South Asia, *United States Institute of Peace (USIP)*, February 9, 2017, <https://www.usip.org/publications/2017/02/chinas-kashmir-policies-and-crisis-management-south-asia>.

When the CPEC is completed, it will continue in this manner, with more Indo-China trade to follow. China will be able to retain a significant presence in the region as long as it maintains economic links with both Pakistan and India, which is advantageous for crisis management and de-escalation.

7. The Way Forward

- To safeguard the region's interests, South Asian nations must coordinate their policies. By engaging in collective forums, South Asian governments may successfully engage in multilateral trade discussions with other regions and in other international venues. To safeguard the regional economy from external shocks, member nations should cooperate.
- China, India, and Pakistan must cease competing with one another. Collaboration and collaboration at the sub-regional level are crucial for the sub-survival, region's long-term growth, and development.
- Health, environmental, and ecological concerns are inextricably linked and cannot be handled in isolation, since they transcend political boundaries and disrespect national red lines. They can be resolved only by coordinated interlocution and a concerted effort on all parties. States will likely struggle over renewable resources (water, forests, and agriculture) in the future, rather than non-renewable resources. Intra-state disputes have a propensity for escalating into inter-state confrontations.
- CPEC has the potential to serve as a strong and exemplary model for other South Asian sub-regions to replicate. This is an incredible chance to create a win-win situation for everyone, not just ourselves, but for the greater benefit as a whole.
- Closing infrastructure gaps and expanding production capacity in the region may be made feasible via regional financial cooperation through CPEC's regionalism.

8. Conclusion

CPEC promotes a vision where a 'win-win' situation of mutual benefits for regional countries can be achieved. However, the stakes for China, India, Pakistan and the US are very high in the politics of regional alignments for strategy and economics. The strategic equation looks convoluted for any kind of convergence among these countries' interests. Nevertheless, China's involvement in the Silk Road Economic Belt sends a strong message. Right now, there is a chance to better Pakistan's future and standing in the region. Pakistan has benefited from it as well. Indians feel that their influence and progress will be limited due to a lack of space and an inappropriate environment for expansion. If China can persuade India to embrace 'Regionalism' in the future, a new economic order in the region might benefit both China and India. India can also play a key role in ensuring that this win-win effort is appropriately carried out. The CPEC would provide China access to two important seas, the Pacific and the Indian, if it were built. In order to develop a culture of cooperation, this connection may have an influence on new regional security alliances and strategic partnerships.